A Review of ACOA's Seed Capital ConneXion Program for Young Entrepreneurs

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Final Report

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Executive Summary

PURPOSE OF THE REVIEW

ACOA's Seed Capital ConneXion for Young Entrepreneurs Program has been underway since 1997. This study presents the findings of an evaluative review of the program. The review reflects the ongoing commitment by ACOA to review its programs to determine if the defined needs of its programs are being met, if program structures and support mechanisms are working, and if the expected program results are being achieved.

The review examined program activity and results from the inception of the program until the end of December 1998. The resulting independent review provides the Agency with an external perspective on three main areas of the program:

- economic impact and effectiveness what have been the results of the program with respect to the important indicators set out in the Seed Capital evaluation framework?
- program support mechanisms: are the training, counselling and mentoring components of the program working as planned?
- results related to the delivery mechanism: are the expected results from the evaluation framework being achieved?

THE NEED FOR THE PROGRAM

The Seed Capital program was established to address several important constraints faced by young entrepreneurs in Atlantic Canada. The results of research and consultations conducted by the Agency during the mid-1990s identified several serious obstacles for young entrepreneurs wishing to start or expand a business in the region.

The program is designed to address three areas of need:

- access to capital;
- access to specific and timely business expertise, advice and training; and
- a single access and referral point for business information specific to the needs of young entrepreneurs.

The review confirmed the need for the Seed Capital program. Moreover, it found that the program is well defined by its program description and objectives: providing unsecured loans as well as need-based training funds, counselling and mentoring advice to young entrepreneurs wishing to start a new business. The Seed Capital program niche combines key elements of financial, training and mentoring support needed by young entrepreneurs.

FINDINGS

Economic Impact and Effectiveness

The Seed Capital program is meeting its impact and effectiveness expectations. The expected results of the program are set out in its evaluation framework, and the review confirmed these results.

The following table summarizes several of the characteristics of clients based on gender.

Project Characteristics	Females	Males	Partnerships
First-time Entrepreneurs (from file review)	52%	33%	15%
New business start-ups (from file review)	54%	32%	14%
Overall percent (estimated from database)	41%	59%	N/A
Median Seed Capital Loan Amount	$15,000	$8,250	$11,000
Median Total Project Cost	$30,000	$23,996	$16,150
Median Number of Jobs (including jobs maintained)	1.8	1.5	2.2

Other highlights of the program impacts include:

- First time entrepreneurs headed 75 percent of projects, and new business start-ups were at 64 percent. This compares favourably with the benchmark rate of 75 percent established in the evaluation framework.
- We estimate loan amount per FTE created at approximately $5,810, and loan costs of $1,070 and $805 per FTE created for training and administration costs, respectively. Loan costs are based on all 49 reviewed projects; jobs are based on FTEs for only those 42 projects that are still in operation.
- The average total cost per job created is approximately $7,685 per FTE. The average loan amount is $10,840.
- Activity reports provided to ACOA by the delivery agencies indicate an average loan amount of $10,447 for the first two quarters of the 1998/99 fiscal year and an average loan amount of $13,105 since the inception of the program, based on actual disbursements. This is in line with the project review data.
- Seed Capital program funds have played an important leverage role is in attracting funds from financial institutions including banks and credit unions.

- Some 45 percent of clients surveyed during the review reported that "the Seed Capital program funds made some positive difference in my being able to obtain money from other sources."
- Two thirds of clients stated that "My business has met its objectives, due in large part to the Seed Capital program."
- The program works well with other programs aimed at supporting young entrepreneurs. These include the Canada Youth Business Foundation, HRDC's Self-Employment Benefits (SEB) Program, the CBDC Investment Fund and the Business Development Bank of Canada's Youth Ventures Program.
- The client survey found that each project created a median 1.8 FTEs on start-up. This has grown to 2.7 FTEs at present, an increase of 50 percent. Some 29 percent of projects employ three or more FTEs.
- Both the file review and client survey found high levels of project survival. The former estimated the survival rate at 92 percent.
- About 17 percent of clients have exported their goods or services.

Program Support Mechanisms

The training, counselling, and monitoring elements have had positive impacts on clients. Clients that have taken advantage of the training have highly rated the service. However, many clients have not yet developed a learning plan. Delivery agencies are also having problems in following up and monitoring clients. This situation arises as a result of several related factors influencing delivery agencies, such as an insufficient understanding of the role and purpose of these program elements, a resultant lack of commitment to these activities and inadequate or inappropriate assessment and monitoring tools.

To increase the benefits of the program, the following should be developed to improve the training, counselling, and monitoring elements of the Seed Capital program:

- a more practical training needs assessment tool;
- timing flexibility in developing a learning plan;
- flexibility in implementing the plan;
- flexibility in the type of training — not just business training but technical training if required; and
- pursuing the strong linkage between training plan development and implementation, and client monitoring.

In spite of these difficulties, the training, counselling and mentoring elements have had positive impacts on clients. Clients that have taken advantage of the training have highly rated the service. Many clients have not yet developed a learning plan.

RECOMMENDATIONS

The Seed Capital program is producing strong, positive results with minimal cost per job created. There is a significantly large potential market for the program. Tapping this market and helping young entrepreneurs develop their own business in Atlantic Canada is a long-term investment in the economy of the region. Developing young entrepreneurial talent will help create a pool of experienced businesspersons in the region in the ensuing years.

The report provides nine recommendations to improve the delivery of the Seed Capital program. These concentrate on issues related to training, counselling and mentoring. Implementing the recommendations will increase the success and usefulness of the program, and provide a basis for long term positive impacts on the economy of Atlantic Canada.

- Recommendation 1: Communicate the Importance of Training to Delivery Agencies
- Recommendation 2: Improve the Training Needs Assessment Process
- Recommendation 3: Adopt a Phased-Learning Training Approach
- Recommendation 4: Improve Client Monitoring
- Recommendation 5: Improve Client Mentoring
- Recommendation 6: Develop an Entrepreneurship Focus in the Loan Approval Process
- Recommendation 7: Improve the Marketing of the Program
- Recommendation 8: Communicate the Process to Delivery Agencies
- Recommendation 9: Expand the Seed Capital Program

Recommendation 9 is meant to build on the success of the program to date. It is linked to the first eight recommendations, particularly those related to the improving the delivery process and marketing the program. Improving the delivery process — training, counselling and monitoring — should be undertaken as soon as possible, using the steps recommended here. Program results should be monitored for a further period of time to gain a better perspective of failure rates before any significant program expansion is undertaken.

Once these steps are accomplished, ACOA should consider increasing the level of program resources to support more young entrepreneurs in Atlantic Canada. Some resources need to be allocated to the recommendations concerned with the delivery process and improved marketing of the program. Additional resources could then be committed to increasing the level of program activity — the number of program clients — throughout the Atlantic region using the current program design, within the context of competing budget priorities.

1. INTRODUCTION

STUDY PURPOSE AND OBJECTIVES

This review is designed to provide input to ACOA's strategic planning activities, particularly those related to community economic development and youth entrepreneurship. The delivery of the program through CBDCs and other community development agencies encompasses some unique approaches for ACOA. It is important to determine the success of these elements in supporting the Agency's mission in a cost-effective manner.

The review examined program activity and results from the inception of the program until the end of December 1998. The main review activities were completed over a three-month period beginning in February 1999. The resulting independent review is designed to provide the Agency with an external perspective on three main areas of the program:

- economic impact and effectiveness what have been the results of the program with respect to the important indicators set out in the Seed Capital evaluation framework?
- program support mechanisms: are the training, counselling and mentoring components of the program working as planned?
- results related to the delivery mechanism: are the expected results from the evaluation framework being achieved?

The review is designed to support the decision-making needs of ACOA program officers in each region. These are encompassed in the above issues, and include specific needs related to program effectiveness, incrementality, delivery approaches, administration and overall success.

The Terms of Reference require the review to make recommendations concerning the continuation of the Seed Capital program and to propose any alternatives that might improve program effectiveness and its complementarity to other youth lending programs. Particular attention is placed on the value of the counselling, training and mentoring component, including consideration as to whether this and possibly other ACOA programs could benefit from making these elements compulsory.

A copy of the Terms of Reference is included in Appendix A.

STUDY METHODOLOGY

This review addresses these questions through the application of several complementary methodologies. These techniques are designed to address the three areas of major interest in the Terms of Reference and recommend areas for improving the program.

The review included:

- a review of program reports and related documents;

- site visits to 10 delivery agencies, consisting of interviews with the director or manager and selected staff of the agency, as well as a review of a sample of project files, business plans and monitoring reports;
- a telephone survey with a random sample of 100 Seed Capital clients throughout Atlantic Canada, including those whose files were reviewed in the site visits; and
- interviews with community partners and stakeholders of the Seed Capital program.

Appendix B includes a copy of the questionnaire with responses to each question.

2. THE NEED FOR THE PROGRAM

ANTICIPATED NEED FOR THE PROGRAM

The Seed Capital ConneXion for Young Entrepreneurs Program was established by ACOA in April 1997 to address several important constraints faced by young entrepreneurs in Atlantic Canada. The results of research and consultations conducted by the Agency during the mid-1990s found that access to capital represents a serious obstacle for young entrepreneurs from age 18-29 wishing to start or expand a business in the region.

The Summary of the Roundtable Meeting on the Development of Young Entrepreneurs in Halifax[1] reported that "access to financing was considered to be the most important issue affecting the success in the start-up and long-term growth of young entrepreneurs' businesses". This consultation process also identified the importance of training, mentoring and other follow-up support for young entrepreneurs once their business was underway. Both issues formed part of the recommendations arising from the Roundtable and were important in formulating the focus of the Seed Capital program.

Other research by ACOA, including the 1995 Summary Report Of The Characteristics And Needs Of Young Entrepreneurs And Young Persons Wanting To Become Entrepreneurs In Atlantic Canada, supported the Roundtable recommendations.

In summary, the research identified three distinct areas of need:

- access to capital;
- access to specific and timely business expertise, advice and training; and
- a single access and referral point for business information specific to the needs of young entrepreneurs.

The resulting design for the Seed Capital program was founded on this research.

THE REVIEW CONFIRMED THE NEED FOR THE PROGRAM

Program needs may change over time due to environmental or program generated impacts. For example, programs designed to address a particular issue or need may be very successful in addressing the specific problem. One expected result of a successful intervention is a decline in the need for the program with the subsequent requirement to redefine or phase out the program.

However, as the following analysis indicates, the problems addressed by the Seed Capital program are not so easily resolved. While the need is being met, the need for the program

[1] Summary of the Roundtable Meeting on the Development of Young Entrepreneurs in Halifax, ACOA, April 19-20, 1995

continues, along with the opportunity to support additional young entrepreneurs in Atlantic Canada.

To determine the current state of "program need", we queried close to 30 program officers at ACOA, officials of the Seed Capital program delivery agencies and other key informants in community economic development and in the financial community. We wanted to determine the continued relevance of the program, identify any gaps in need and examine whether or not other programs can or do address this need better. More detailed analyses are included in the remaining sections of the report.

■ The Niche of the Seed Capital Program

Our analysis indicated that the Seed Capital program is flexible enough to meet the needs of two specific kinds of client, as well as a general client. These descriptions are not analytically defined, but based on observations through the interview process with clients, program officers and other key informants.

- Job-replacement clients : The program meets the needs of these clients by providing them with self-employment. These young entrepreneurs appear to be mainly interested in generating a "good" job for themselves that provides income and personal development benefits, as well as societal impacts. Many persons of this client type are clients of HRDC's SEB (Self Employment Benefits) program, perhaps living in rural areas with or without marginal education and skills levels. Over time, some of these entrepreneurs may wish to develop into the second group of clients described below. They will need the right level of encouragement, training and business experience to do so.
- Growth-oriented clients : These clients want to grow their own business, but do not have the financial and/or business skills to accomplish this development at this point in their careers. Characteristically, these young entrepreneurs may have some business experience, some equity and tend to be at the upper end of the eligible age group. The program helps these clients grow through its leverage capabilities as well as training and mentoring.
- Other client types: These are simply young entrepreneurs that wish to start their own business. We have not attempted to develop any profile of these clients other than the one resulting from the client survey.

Interviewees often used expressions such as "door opener", " stepping stone" and "piggyback" in describing the program's capability to link with other programs and serve a pivotal role in assisting young entrepreneurs with their business development needs[2]. As the subsequent analysis of the client survey shows, the program is successful in meeting a variety of needs of young entrepreneurs.

[2] These linkages are described in more detail as part of the discussion of incrementality and complementarity in the economic impact section of the report.

According to the interviewees, the program provides support to a group of potential entrepreneurs that were previously outside the scope of existing financial programs and lending mechanisms, regardless of whether these were through the public sector or other financial institutions. For example, CBDC lending programs often cannot meet the needs of young entrepreneurs due to loan security requirements. The financial needs of young entrepreneurs are considered "high risk" by financial institutions as well as the CBDCs and the Business Development Bank of Canada (BDC). Without the leverage of the Seed Capital program, these institutions are reluctant, if not totally averse, to providing loans to meet the needs of young entrepreneurs. The Seed Capital program balances this high risk against the personal motivation of young entrepreneurs, using a character-based lending approach rather than formula or ratio lending.

It should be pointed out that the Seed Capital program is available throughout Atlantic Canada; commercial lending is generally limited to urban centres in the region. Other lending programs such as the Canada Youth Business Foundation (CYBF) are primarily urban as well. Programs such as HRDC's Self Employment Benefits (SEB) program are available throughout the region, but the program is not sufficient on its own to meet the range of start-up needs of young entrepreneurs.

Finally, other programs do not provide the same level of hands-on support throughout the lending process, if this support is provided at all.

Other strengths of the Seed Capital program include:

- Strong linkages to other programs, but as noted in the following section, these linkages alone are not sufficient in themselves to meet the needs of young entrepreneurs.
- Flexibility with loan repayment; a hands-on support system; no security; training/mentoring funds; normally up to six months no interest and payment[3]; responsive to the needs of the young entrepreneur and to local economic circumstances.
- Program and community capacity building that goes beyond the program capabilities. This includes local partnerships and relationship building with other CED agencies and lenders. The program provides networking opportunities for young entrepreneurs through explicit networking activities and in some locations, common training programs.

These themes are reiterated and reinforced throughout the remaining sections of the report.

■ Gaps in Addressing Client Needs

We refer to gaps in needs as the inability of the program to address some aspect of client need. These gaps are in relation to program performance issues — the inability of the program to

[3] The program can provide up to three years grace before principal and interest payments are required.

perform as anticipated in meeting client needs. Performance issues are addressed later in the review.

Interviewees and clients identified several gaps in the ability of the program to meet needs. Each of the following were mentioned infrequently:

- the ineligibility of purchasing an existing, viable business (mentioned 10 times);
- the restrictions on competition with existing businesses in an area (mentioned 8-10 times);
- the inability to take security on the loan (mentioned 2 times by CBDC officials);
- the age limit of the entrepreneur: several clients and officers expressed a need to raise the age ceiling from 29 to 34 years; this would place the program in sync with the BDC Youth Ventures program age criteria (mentioned 6-8 times).

We see these comments more as observations on the program than true gaps in need that inhibit the ability of the program to meet the needs of young entrepreneurs. There may be some merit in improving program communications to address the first two items. Both these items are particularly relevant in small urban or rural areas.

Several of the projects we reviewed were de facto, existing businesses that underwent some minor restructuring to enable them to meet the "new business" criteria. In several cases examined in the file review, Seed Capital entrepreneurs bought out the assets of an existing company that was being sold by the existing owner for retirement purposes.

Comments on competition relate to the interpretation of competition within the local economic situation. Several CBDCs believed that competition was being interpreted without enough flexibility for local conditions For example, a regional restriction by ACOA on funding a certain kind of project because of a concern with local competition may not apply to all local circumstances. These CBDCs would like to see more local flexibility concerning competition.

Implementing the latter two comments would change the very nature of the Seed Capital program. Allowing delivery agents the ability to take security on a loan would undermine the main purpose of the program and is not appropriate in our view. Increasing the age limit could dilute program resources, and open the program up to other modifications. It has the potential to weaken the focus and impact of the program.

Delivery agencies were given the opportunity during the interview process to comment on loan amounts, training budgets and administration fees. Clients were indirectly given an opportunity to comment on their loan amounts and training budgets. Neither the agencies nor the clients identified the funding level of these program elements as a contraint or problem. This finding indicates the program funding elements are meeting the needs of clients and agencies.

3. FINDINGS OF THE REVIEW

ECONOMIC IMPACT AND EFFECTIVENESS

■ Characteristics of Young Entrepreneur Clients[4]

Results presented in this section focus on the attributes of clients in relation to program design and program criteria. The results examine:

- the proportion of first-time entrepreneurs and new start-ups; and
- the age/sex profile of the Seed Capital client, and the relationship of these characteristics to program impacts.

The results presented here are based on two data sources — the databases provided by the delivery agencies and our file review. Information on age is not captured by the agencies; if this is collected, it is not included in databases.

First-Time Entrepreneurs and Start-Ups

Information on first-time entrepreneurs as well as the status of the company is collected as part of the application process. We obtained information on 49 randomly selected clients throughout the region as part of our analysis. This source provided the following distributions of new entrepreneurs and start-ups.

Entrepreneurship status	Actual %	Benchmark %
First-time	75.0	75.0
Existing	25.0	25.0

New business start-ups	Actual %	Benchmark %
New Business	64.0	75.0
Existing Business	36.0	25.0

These results are relatively uniform across the region; there were no strong regional differences although the data did indicate a slightly higher incidence of start-ups versus existing businesses in

[4] There are several sources for these results: the survey of 100 Seed Capital program clients, the file review and various client databases. ACOA regional offices developed the latter to track program activity and expenditures. These vary in design and detail amongst the offices.

the larger urban centres compared to rural areas. This may be a reflection of the level of opportunity and attitudes, but it may also reflect the developmental work undertaken by the delivery agencies in centres such as Fredericton and Halifax.

We also examined project data from the delivery agencies indicating entrepreneurship status and start-ups. These data confirmed the levels reported in the above tables; the new business start-up levels are close to 70 percent in the sample data.

The evaluation framework for the Seed Capital program set target levels of activity at 75 percent for both first-time entrepreneurs and start-ups. Results for both indicators confirms that the program is on track in meeting its expected performance.

Client Age and Sex Profile

Delivery agencies indicated that clients are broadly distributed throughout the eligible age group for the program. The average age of clients is likely around 25 years of age; although we have no empirical evidence for this, interviews suggest that many clients have started their business within a year or two after completing university or community college training. Those without post-secondary education may start earlier, but our understanding is that these clients may spend several years in other jobs before starting a business.

Close to half of all Seed Capital entrepreneurs are female. About 10 percent of all projects were jointly funded; young female entrepreneurs are owners of about half of these jointly funded projects. The proportion of female entrepreneurs tends to be lower in some rural communities although this is not true in all areas of Atlantic Canada. For example, female entrepreneurs owned 28 percent of projects funded by the Trinity-Conception Bay CDBC and 20 percent of projects funded in Montague PEI; female entrepreneurs started half of the CEED (Centre for Entrepreneurship Education and Development) projects in Halifax.

Project Characteristics	Females	Males	Partnership[5]
First-time Entrepreneurs (from file review)	52%	33%	15%
New business start-ups (from file review)	54%	32%	14%
Overall percent (estimated from database)	41%	59%	N/A
Median Seed Capital Loan Amount	$15,000[6]	$8,250	$11,000
Median Total Project Cost	$30,000	$23,996	$16,150
Median Number of Jobs (including jobs maintained)	1.8	1.5	2.2

[5] Includes the following partnership types: two male owners, two female owners and male-female owners.

[6] The median is the value of the 12th loan; 14 of the 23 loans to female clients were for $15,000.

Attitudes and opportunities are likely important determinants of the proportion of female entrepreneurs applying for funding. There was no indication that approval rates vary by gender, although this was not pursued empirically in the review.

The relatively small sample size and more importantly, that the delivery agencies were not chosen randomly, means that some care should be taken in generalizing these results to all Seed Capital clients. The data presented in the table provide a strong indication that the characteristics of project loans are different for male and female clients.

Sectoral Breakdown

The program is active in all sectors, based on our file review, interviews and the results of an analysis of the program database provided for sampling purposes. The following table indicates the sectoral breakdown for the client files reviewed.

Sector	% (37 responses)
Agriculture	5.4
Manufacturing	16.2
Retail (including wholesale)	24.3
Service	54.1

Projects had a good sectoral mix throughout the region. For example, retail projects were located in urban and rural areas. An interesting finding is that at least one third of the projects are not single sector, but are integrated operations that combine elements of design, manufacturing and direct consumer sales. One project that incorporates all three elements is a project to sell sea kayaks. Another very interesting service sector project funded two female lawyers to start a business to provide research services to small and medium-sized law firms that cannot afford in-house research staff. This project would likely not have been funded by other programs.

■ Characteristics of Loans

Loan Amount Per Job Created

We calculated the "loan amount per job created" from the client files we reviewed. Loan costs include all 49 reviewed projects and jobs are based on FTEs[7] for only those 42 projects that are still in operation. Our rationale for this approach is that all program loan costs incurred should be included, even though some projects and their associated jobs are no longer in operation. Based on this calculation, we estimate loan amount per job created at approximately $5,810.

[7] Full-time Equivalent

Additional costs allocated to each project are up to $2,000 in training and $1,500 in program delivery and administration costs. Using the same approach as for calculating loan amounts results in costs of $1,070 and $805 per FTE created for training and admin costs, respectively. The average total cost per job created is the sum of all three costs components and amounts to approximately $7,685 per FTE. The actual cost per FTE is likely less than this amount, since not all clients have completed or will complete their training, even though they have created jobs; our calculation allocated the entire $2000 to each project although these costs may not have been incurred at this point. The average loan amount is $10,840.

Activity reports provided to ACOA by the delivery agencies indicate an average loan amount of $10,447 for the first two quarters of the 1998/99 fiscal year and an average loan amount of $13,105 since the inception of the program, based on actual disbursements. This is in line with the project review data presented above.

Leverage

Leverage varies according to the location and philosophy of delivery agency — whether or not the agency believes leverage is feasible and/or important to the success of the project. Some CBDCs we interviewed, such as the Southwest CBDC in New Brunswick, believe that it is very important for the client to leverage funds from other sources. Clients are expected to find other sources of funds to make their project viable. However, about one third of the delivery agencies we interviewed see leverage as less important; if a client needs $15,000 to make the project work, the agency will provide this through the program's funds rather than asking the client to find other sources of financial support. According to interviews in PEI, for example, leverage is not an important program criterion.

In practical terms, the Seed Capital program may be the only source of funding in some rural areas. The SEB program subsidy is common in rural areas. The SEB program is improved in these areas when the Seed Capital program funds an SEB client's project. The improvement occurs because the SEB client is able to access Seed Capital program funds and counselling resources while using their SEB benefits to maintain their cost of living. These clients can have their entire Seed Capital loan work for their business, without having to dilute the capital to cover living costs. SEB clients in urban areas have the added advantage of being able to lever funds from CYBF and banks, especially with respect to larger projects.

Leverage is defined differently amongst agents, although most loosely define it as funds obtained from other sources — "whatever other dollars the client brings in". At least three delivery agents we interviewed include client assets and contributions as leverage. Leverage is sometimes seen as something that ACOA imposes but that may not be relevant to their program delivery environment.

One agent reported that "leverage can't be used to attract investors" and so has limited use. Another reported that "leverage isn't important" to their clients, missing the point about program leverage in our view. However, the client survey did find that 61 percent of clients approached other sources for funds for their project.

In spite of these perceptions, there are several good examples of how program funds are able to leverage other financial support and, as the subsequent discussion indicates, work in partnership with other programs.

The main area where Seed Capital program funds have played an important leverage role is in attracting funds from financial institutions including banks and credit unions. Delivery agencies report that Seed Capital funding — and program participation — gives clients credibility with financial institutions. Program participation is an important consideration for lenders who know the program; these lenders recognize that the client is receiving extra attention through counselling and training to help make their project viable and successful.

The following table compares the leveraged funds from the client survey and the file review. The amounts shown in each category are median amounts for those responding to the question; the number of responses is indicated in brackets.

Source of Funds	Client Survey Median $ (54 responses)	File Review Median $ (48 responses)
Family and friends	5,000 (4)	N/A
Business Development Bank (or FBDB)	14,000 (4)	Included with government
Canada Youth Business Foundation	7,500 (2)	15,000 (6)
Banks or other financial institutions (including BDC)	17,150 (30)	11,750 (12)
Other government programs	10,000 (5)	25,000 (5)
Other (includes equity and other contributions by client)	9,750 (6)	13,000 (30)

The following table indicates clients' perception of the importance of Seed Capital funds in obtaining funding from other sources. The results are based on the client survey. Seven of the 10 clients who reported that the program funds made "no difference" in attracting other capital indicated that this was because they had obtained funds first from a bank — their bank had subsequently referred them to the Seed Capital program.

Interviews indicate that this referral of their clients to the Seed Capital program is not so much a risk-sharing approach by banks as it is a recognition of the developmental benefits of the program. Lenders and project officers throughout the region noted that financial institutions regard Seed Capital funding not as "equity", but as a personal, repayable loan. In this sense, the Seed Capital "loan" does not leverage funds — the program and its supporting infrastructure leverage funds.

The Importance of Seed Capital funds in Leveraging	% (47 responses)
The Seed Capital program funds made no difference in my being able to obtain money from other sources.	21
The Seed Capital program funds made some positive difference in my being able to obtain money from other sources.	45
The Seed Capital program funds was an important positive factor in my being able to obtain money from other sources.	34

Regardless of the measure or data source used, it is quite clear that the Seed Capital program allows clients to leverage funds from other sources. For some clients that are simply trying to create a job for themselves, leverage may not be important. For clients with larger projects or for those clients in "growth mode", the support of the Seed Capital program is especially important for attracting funds.

Incrementality and Complementarity

There should be no doubt that the Seed Capital program is both incremental and complementary to other programs. Our review found that there is a crafted and strong fit between the client focus, the program guidelines and criteria, and the activities of the Seed Capital program with both other youth entrepreneurship and business development programs. Those delivering the Seed Capital program and officials responsible for other programs — including financial institutions — have been able to cooperate throughout Atlantic Canada to ensure that the needs of young entrepreneurs are met. We did not find any examples of good projects that were turned down due to a lack of funds or an inability to locate other sources of funds, although we did not explicitly research this topic.

Both financial and non-financial assistance from the program is crucial to young entrepreneurs. In some areas of Atlantic Canada, especially rural areas, there are no other available programs or support mechanisms to meet the business development needs of these clients. In rural areas in particular, commercial funding is hard to come by. Without the program, the additional risk inherent in lending to young entrepreneurs makes commercial lending for young entrepreneurs virtually non-existent.

Clients indicated the importance of the program in several ways. The following tables illustrate two aspects of the program's impacts on projects. The first table examines the relative importance of the Seed Capital program's assistance in achieving the client's objectives for their business.

The Importance of Seed Capital assistance in achieving the client's objectives	%
My business has met its objectives, due in large part to the Seed Capital program	66.5
My business has met its objectives, but only a small part of the success is due to the Seed Capital program	23.3
My business may not have met its objectives, but the Seed Capital program has ensured our survival.	8.1
The Seed Capital program has had no impact whatsoever on my business.	2.3

The following table examines the "project timing" aspect of incrementality. These elements are the standard measures of program incrementality. Project funding is most often important in changing the size, scope, location or completion time of a project; most entrepreneurs have already put sufficient effort into their project that they will find a way to make it work if funds from a program are not available. It should be noted, however, that we did not interview those applicants whose projects were turned down by the program.

Client Perception of Project Status Without Seed Capital Funding	%
Cancelled	24.2
Postponed	12.1
Completed as planned	14.2
Completed, but changed in size, scope, location or completion time	49.5

The major programs that work with and implicitly complement the Seed Capital funds include the following:

- Canada Youth Business Foundation (CYBF): This program only operates in four urban centres in the Atlantic region. There is a very complementary relationship between the CYBF and the Seed Capital program. This results from two aspects of the CYBF program: mentoring and leverage. Mentoring is a compulsory element of the CYBF program. Second, the program is often able to attract capital from banks for client participants. CYBF will not fund existing businesses, and it is less concerned with competition than the Seed Capital program. At the same time, the counselling and training elements of the Seed Capital program are important to clients of CYBF.
- HRDC's Self-Employment Benefits (SEB) Program These clients comprise a high — possibly one third or more — proportion of Seed Capital program clients, particularly in rural communities. The wage supplement aspect of the program reduces the risk to participate in the Seed Capital — SEB clients still receive income support and can direct all their Seed Capital funds into the development of their business. Furthermore, these

clients are not without income during the start-up phase of the business. Seed Capital training and counselling are important assets for these clients. Although SEB clients receive training, we heard that this training is not as appropriate or focused on business development as Seed Capital program training.

- CBDC Investment Fund: Some Seed Capital clients have received funding from their CBDC's Investment Fund. Clients can access larger funding amounts than under the program through an agency that is familiar with them and their needs. This approach lowers the risk for the CBDC, particularly since the program provides training and other support mechanisms.
- Business Development Bank of Canada's Youth Ventures Program: Several Seed Capital clients have accessed this program. The program funds clients up to 34 years of age — five years older than the Seed Capital program. It charges clients up to $3,500 for a compulsory training program.
- ACOA's Business Development Program (BDP) Very few Seed Capital program clients have accessed BDP support for capital and for studies. Clients are able to access higher amounts under the BDP than under the Seed Capital program.

In addition to these main programs, there are numerous "feeder programs" that provide developmental support along the path to starting a business. These include programs like The Y Enterprise Centre, provincial government entrepreneurship programs and social assistance programs, and other programs with small funding levels.

Several interviewees from within and outside the program remarked that the marketplace is saturated with entrepreneurship programs and that the Seed Capital program is part of a mechanism of "constructed cooperation". The implication here is that a single program or agency could meet all the needs of young entrepreneurs. Such an approach may be laudable, but unrealistic without a major redesign effort, given the number of stakeholders and their resources, as well as the particular niches of government programs and departments.

In our view, the Seed Capital program is well integrated into the community economic development infrastructure and is highly respected within the community. Combining it with another program would likely dilute its strengths in the non-financial areas such as training and counselling.

■ Results: Impacts of the Program

Job Creation

Client file data indicate that each project created a median number of 1.6 jobs. This job creation number is an estimate developed at the project start-up, although we did attempt to update this number during the interview process with the delivery agency.

Job creation estimates were developed in the client survey and are provided in terms of " Full-time Equivalent" (FTEs) in the following table. The estimates include the conversion of part-time jobs into FTEs, based on ACOA's job conversion model.

How many FTEs	Average FTEs (82 responses)
When the project began ...	1.8
Now ...	2.7
Growth Rate	50 %

Although most Seed Capital projects are small in terms of job creation, 29 percent of the projects that we surveyed now employ three or more persons (FTEs).

Delivery agents reported that one of the benefits of the program is a decrease in out-migration, particularly in rural areas and small communities.

Survival Rate

Data from the file review indicate that the projects we reviewed were in operation for an average duration of 13.5 months at the time of the review. While this is likely too early to estimate the longer-term viability of the projects, there are some interesting results from the review in this area.

The following table shows project status based on the client telephone survey.

Project Status at time of Telephone Survey	% (96 responses)
Not fully operational, still in start-up phase	2.1
Fully operational with the original owner funded by the Seed Capital program as the controlling owner	76.0
Fully operational but with original owner funded by the Seed Capital program no longer the controlling owner	3.1
Seasonal operation	8.3
Not meeting operational targets & in financial difficulty	2.1
No longer operational, but still making loan payments	7.3
No longer operational, and not making loan payments	1.0
No longer operational and loan paid in full	0.0

Payment data reported by survey clients confirm these findings. Results on repayments are presented in the following table.

How often are you:	Making payments	For agreed $
All of the time	77.5	88.3
Most of the time	11.2	11.7
Haven't been making payment yet	11.2	—

The project files we reviewed confirmed these indicators of survivability. The delivery agencies we interviewed had funded a total of 215 projects; 18 of these had either ceased operation or were in serious trouble. The resulting survival rate is 92 percent. Two delivery agencies reported one case each of projects that had ceased operation and were not repaying loans. Interviewees suggested that, in a worse case scenario, the number of bankruptcies for their projects might double, leading to a survival rate of 83 percent.

There is no singular or strong reason for business failure or closure from the information we have reviewed. One of the most common reasons appears to be that the client "found a full-time job". Business closure or change in ownership occurred in at least five of the 48 projects we reviewed; three clients subsequently found full-time employment as teachers. In the two other cases of business closure, clients left the province for better employment opportunities. In all cases, loans are or have been repaid.

Other reasons for closure include:

- change in markets – loss of demand;
- increased competition; and
- inadequate or poor management practices.

In our view, most, if not all, of these actual business failures should have been anticipated by the delivery agent through the monitoring process. Adequate due diligence at the project application stage – which did not always occur based on our review — or monitoring subsequent to project start-up would have a strong positive impact on reducing business failures. While all those delivery agents we interviewed reported monitoring, this really is not receiving the attention it deserves in all agencies.

Inadequate monitoring is directly related to the priority that delivery agencies place on monitoring. There does not appear to be any geographic or sectoral basis to business failures. Agencies told us that finding the time to monitor clients is one of the most challenging aspects of the program. However, it seems to us that this process does work very well in cases where a YIP officer or other young person undertakes this activity. The format of the New Brunswick monitoring report, also used by PEI, is a simple but useful tool to accomplish this. Some agencies

have clients report business activity, such as sales and expenses, on a monthly basis. This is also a good approach, but it is not necessarily sufficient to ensure clients are receiving the help they need, particularly in non-financial areas.

Sales Impacts

The client survey examined the level of export activity of projects during the past twelve months. About 17 percent of the 100 clients we interviewed reported that they exported their goods or services outside Canada over the past 12 months. The following table[8] presents the distribution of sales revenue for these "exporter" Seed Capital clients over the past twelve months. As the table indicates, most projects serve local and provincial markets.

Distribution of Sales by Location During Past Year	%
Your Local community	52.8
Your province	27.8
Elsewhere in Atlantic Canada	9.1
Elsewhere in Canada	5.0
United States	5.4
Other	0.3

PROGRAM SUPPORT MECHANISMS

The earlier discussion concerning the need for the Seed Capital program noted that providing access to capital alone was not a guarantee of success for a young entrepreneur's project. The research undertaken to develop the program revealed that "access to specific and timely business expertise, advice and training" were absolutely critical to the long-term success of the project.

This section of the review examines practices and approaches to training, counselling and mentoring, including the level of activity, issues of client satisfaction and the impacts of these mechanisms on project success. The discussion includes perspectives of the clients obtained through the client survey as well as those of program delivery agents interviewed during the review process.

Our review found variations in understanding and process with respect to these support mechanisms. In some cases, the interpretation and commitment to the provision of training, counselling and mentoring are very strong, and we provide examples of these "best practices" throughout the discussion. In others, there is a misunderstanding or underestimation of the importance of these mechanisms.

[8] Results do not add to 100% due to rounding.

■ Training and Counselling

Training is one aspect of the program that needs some improvement, based on our assessment of how training is perceived and acted upon by the CBDCs and other delivery agents. The Counselling element of the Seed Capital program generally seems to be working quite well in the project approval stage. The training component situation is a direct result of the low levels of commitment and understanding of delivery agencies to training; at least 20 percent of the agencies we visited do not appear to recognize the crucial linkage between training of the young entrepreneur and project success. Most agencies do recognize the linkage at least on a "conceptual" basis: "training makes the program work — it's great and it's very important", according to one agency.

One agency provided an important perspective on training: "Seed Capital program training is professional development". Marketing training as professional development may improve training program take-up.

Seed Capital clients are aware of the training component of the program — 96 percent of those we surveyed indicated they knew about training.

The training component of the Seed Capital program has several elements. These include:

- the identification of training or learning needs;
- the development of some form of [learning] plan to address these needs;
- the implementation of the plan; and
- follow-up to ensure that additional training needs are identified and addressed.

The Identification of Training Needs

Two factors are essential for the success of this first step in the training process: a mechanism to assess training needs and the dedication of a counsellor to the young entrepreneur to ensure the former task is accomplished with realistic results. The assessment process typically takes place during the preparation of the application. It may form part of the business plan development process, if a plan has not yet been developed.

We found that delivery agencies in the Atlantic region are using several different assessment tools. These mainly consist of self-assessment guides and questionnaires that the young entrepreneur client completes as part of the application process. Most seem to have been "borrowed" from other sources, or developed by piecing together components of existing assessments. The most commonly used are:

- a "Self-Assessment Form" that is more an application form that an assessment form (no source identified for this material);

- "Do You Have What it Takes?', a series of self-rating open-ended and scaled questions concerning skills, accomplishments and other profile information; and
- "Taking Stock of What I have to Offer" —Skills assessment that includes a series of questions rating personal, technical and other skills on a 1–5 scale; this is part of the "Do You Have What it Takes?" guide.

We understand that Acadia University developed the "Do You Have What it Takes?" approach for the CBDCs as part of a training workshop on entrepreneurship for the CBDCs several years ago. It may be that all theses guides were never intended for use in the manner that they are now.

From what we can determine, none of these assessment tools directly links results from completing the guides to learning or training needs. Moreover, the completed guides that we reviewed were ineffective for identifying training needs. Clients consistently were overly optimistic in rating their experience, skills and other attributes. Delivery agencies generally are not happy with these tools — one agency described these as "Mickey Mouse assessments".

Several of the agencies we visited have modified these assessment tools in an attempt to help the young entrepreneur identify their needs and produce a useful and meaningful plan. For example, the Centre for Entrepreneurship Education and Development in Halifax also uses the "Am I an Entrepreneur" assessment on Industry Canada's web site.

Interviewees that criticised the current assessment tools point out that most clients "don't know what they don't know" when they start their business. This is often true of business skills and may be true of technical skills as well. The training aspect of the Seed Capital program has to provide clients with a method to identify realistically their skill and experience gaps at the start-up stage. However, the training program must also have the flexibility to respond as other needs become apparent once the business is up and running.

The Seed Capital program needs:

- a more practical training needs assessment tool;
- timing flexibility in developing a learning plan;
- flexibility in implementing the plan;
- flexibility in the type of training — not just business training but technical training if required; and
- a strong linkage between training plan development and implementation, and client monitoring.

We examined how the agencies use these assessment tools to develop training plans. Based on our interviews, about 25 percent of agencies take a hands-off approach, letting the client develop their own training plan. This is too high. The most successful agencies take an active role in working with the client to identify needs, strengths and weaknesses and subsequently develop a workable plan. This is linked to the counselling role discussed later in the report.

Client survey results generally confirm this level of interaction between clients and agencies, with the agency playing the lead role. The following table indicates client perceptions on how their training needs were identified, based on responses from clients across the Atlantic region.

Client's Perception of the Approach to Identify Their Training Needs	%
Training recommended by the Seed Capital loans officer	66.3
Based on my own determination of my needs	32.6
Based on the results of a "training needs" self-assessment test I completed at the request of the loans officer.	1.2

We also asked clients the following question concerning the utility of their plan: "Based on your experience with your business now, how helpful was your training plan in identifying your learning needs?" Some 23 percent of those with a completed plan[9] responded that they didn't know or were unsure of the helpfulness of their plan. The remaining 77 percent of clients with a plan rated the helpfulness of the plan with an average score of '4.9' on a six point scale; this is very close to a "very helpful" rating on the scale we provided to clients.

The Development and Implementation of a Learning Plan

Delivery agencies use a number of approaches to determine training needs and deliver these needs. These approaches range from laissez-faire development of the plan to prescribed training courses offered on a group basis.

Three models for developing a training plan are used:

- a prescribed model: all clients have to take basic business courses in a group setting. This may work well in areas with limited training resources or low numbers of clients. This approach has the danger of being too prescriptive or rigid, and may result in clients having to take unnecessary training.
- a phased model: clients identify some needs up front, take some of their training, and then adjust the plan as their needs evolve over the first six months or so of their business operation. This approach, when done well through counselling and monitoring, helps clients avoid the issue of "I don't know what training I need".
- an "as needed" model : clients don't actually develop a training plan, but if a course or other need arises, the program will fund this. Few complete this kind of training.

We believe a phased model approach is most appropriate for Seed Capital clients, as it incorporates a flexible lifelong learning model approach to training.

[9] 30 percent of those we surveyed had no training plan.

There is a great deal of variety in the structure and format of the learning plans. Most of the plans we reviewed at the delivery agencies were vague on details — these plans are unlikely to be implemented, in our opinion. These plans typically list a series of needs such as bookkeeping, accounting and marketing, without details on when or where training will occur.

However, about half of all plans use a format developed by ACOA[10] that does identify details. Some agencies have modified their plans to include some of the following. These are items that we consider essential in a plan:

- the identification of the required skill or training;
- the type of course or program that provides training to develop the skill;
- details on the program, including cost, timing and institution/course provider;
- when the training will be taken;
- the identification of possible barriers to completing the training and some recognition on how to address these; and
- a sign-off by the client and agency, or some other indication that the required training has been completed.

Our client survey asked several questions related to the client's training plan and the planning process. These provide some evidence of the development and implementation of training plans by Seed Capital clients in the Atlantic region.

The sampling design for the survey was structured to capture information mainly on clients that had been in business for enough time to have completed their plans, implemented the project and, ideally, begun to repay their loan. We generally tried to only sample clients with a loan approval date of mid-1998, although this was not possible in all cases due to the small number of loans in some locations. However, most of those sampled do fit these criteria.

Given this context, the results related to the development of a learning plan shown in the following table are somewhat surprising. According to the survey results, close to 30 percent of clients either have no plan or have not yet started their learning plan, even though most have been in operation for more than 13 months on average.

When did you prepare a training or learning plan?	%
No Plan Yet	23.1
As part of the development of my business plan, before submitting my loan application	58.2
Within six months of my loan being approved	12.1
Have not started plan yet	6.6

[10] We were not able to identify the source of the "Learning Plan" document during the interview process. Several interviewees believed it was developed for the Seed Capital program by ACOA.

We were given the impression at some agencies that a training plan is not mandatory. For example, clients previous "experience" in business may exempt them from this requirement. In our view, these clients are missing an important opportunity to upgrade their skills with no direct costs to their business or themselves. Training for those with previous experience promotes and validates lifelong learning, an important concept in human resource development.

About 30 percent of those who have not completed their training (or 12 percent of all respondents) reported they "didn't need any training". This is much too high a rate, in our view. Only a very few clients may not need training. In fact, several experienced clients we interviewed who took advantage of training found it very helpful.

Some 75 percent of respondents indicated that it was mainly the responsibility of the Seed Capital loans officer to arrange for training for them; 18.6 percent saw this as their responsibility. Several loans officers and counsellors we interviewed pointed out that this finding is indicative of a lack of buy-in to the whole concept of training amongst clients. In our view, it also represents an underdeveloped sense amongst delivery agents of the importance of clients taking responsibility for their training needs. Clients need to see training as a benefit rather than something that gets in the way of their business success. Some 29 percent of those who hadn't completed their training cited "being too busy" as the reason for their delay. Another 32 percent responded that they were waiting until their needs were better defined before completing their training.

The following table indicates the types of training identified in learning plans, the timing of plan development, the duration of training and the usefulness of the plan. Only clients that have completed their training were asked these questions.

Training Needed, Duration of Training & Usefulness of Plan		When Taken				
	Need (% Yes)	Before (%)	0-6 mos. (%)	7-12 mos. (%)	# Training Hours	Useful (1-6 scale)
Bookkeeping & accounting (31 responses)	96.8	6.5	80.6	12.9	3.7	4.9
Marketing (27 responses)	96.3	11.1	74.1	14.8	5.2	4.7
Computer applic's (12 responses)	75.0	12.5	75.0	12.5	7.4	5.3
Preparing a business plan (14 responses)	78.6	36.4	54.5	9.1	5.0	4.9
Customer service (11 responses)	72.7	—	66.7	33.3	3.4	5.0
Technical or specialized training (20 responses)	95.0	25.0	50.0	25.0	5.3	4.8

Technical training varied a great deal, and included topics such as business management, workplace health and safety, and specialized technical training — clown training or dining room management, for example. We understand from interviews with the agencies that technical training is not an eligible training activity in PEI.

The Role of the YIP Counsellor

Initially, we believed that a counsellor or loans officer employed under the Youth Internship Program played a very important role in the delivery and counselling process. In fact, the program has worked very well in most cases where a YIP counsellor has been involved — this was less successful in one delivery agency. The arrangement overall has been successful and has benefited all parties including the intern, the client and the delivery agent.

Subsequent analysis indicates that the important consideration here is not so much that the young counsellor or loans officer is funded by YIP, but that young entrepreneurs can meet with an officer that is of a similar age and outlook as themselves. This "peer" aspect of program delivery is important — some of the best examples of program delivery are those cases where a young counsellor played a major role in working with clients throughout the process — developing the project, submitting the application and following-up with counselling and monitoring.

■ Monitoring for Project Success

Follow-up of project status and monitoring of training is critical to the overall success of the project. Most agencies we interviewed consider training follow-up to be part of the counselling process and expect to undertake this activity as part of the monitoring process. With this approach, additional training needs are identified as part of counselling. The approach allows clients to develop training plans on an on-going basis — a lifelong learning approach.

This situation may occur only implicitly, as some locations require that all training needs be identified before the project begins. This approach means that all training has to be completed either prior to or shortly after the project begins. Proponents of this view insist that they are open to providing other training as required, even if the client has used all their available funding. We did not find any examples of where this occurred, however, and consider this somewhat of an unlikely scenario.

Delivery agencies are having problems following up and monitoring clients. All those we interviewed reported that they monitor clients, but many indicated that "reports are not completed". Monitoring for at least one third of those we interviewed is "informal". Time constraints mean that there is sometimes no contact with a client unless a cheque is returned NSF; we identified at least six examples of this in our file review. Even then, several agencies send out a registered letter or other written communication to clients rather than contact a client in person or by telephone.

Lack of follow-up activity was implicit in our attempts to develop a list of telephone numbers for clients to participate in our survey. We experienced difficulties in contacting clients in about 15-20 percent of cases even though the delivery agencies had provided us with client phone numbers. Evidently, some other method of client communication is used for monitoring.

In our opinion, the agencies that understand the intent of the program and work closely with their clients throughout the development process are more likely to follow-up and monitor their clients.

Part of this variance in development and delivery of the learning plan and related training comes from a lack of specific direction from ACOA — spelling out expectations, providing tools and guidance, and following up. Recommendations to address this situation are set out in the final section of this report.

Follow-up monitoring through a site visit varies by delivery agent. In the best cases, loans officers and staff spend the time required to make a project work for the young entrepreneur, and are available to support the client after approval. Some work is needed to strengthen the integration of the training component of the program with counselling — developing a more active rather than reactive approach to client follow-up that waits for the client to express needs.

▪ Mentoring

Delivery agencies have different perceptions of mentoring and have taken a variety of approaches to setting up mentoring support. Unfortunately, the Seed Capital mentoring component is not as effective as it should be. The main reason for this is a lack of clarity concerning the scope of mentoring and how to deliver this component. We found examples of both formal and informal mentoring during our site visits, the latter being more prevalent.

Confusion regarding the mentoring relationship exists to some degree because the delivery agencies and ACOA do not have a mentoring model. The Seed Capital program guidelines for mentoring briefly and generically describe the main elements of mentoring, but provide no advice on establishing a mentoring component as part of the program. The Guidelines do indicate that mentoring is not a paid activity and is not an eligible program cost. As noted below, not all agencies are following this guideline.

The Guidelines describe mentoring relationships as "usually informal, meaning that the mentoring is provided free of charge by someone that is known to the less experienced person"[11], the young entrepreneur client in this case.

Many CBDCs have adopted this approach, and see the mentor as an informal source of broad business support. In our view, much of this informal mentoring is not mentoring at all but falls into the category of general business advice. Moreover, at least one quarter of the delivery agencies we interviewed have paid "mentors" from the client's training budget; this goes beyond

[11] Seed Capital ConneXion For Young Entrepreneurs, Draft Guidelines for Delivery, page 5

the intent of the program. Our review found that many of these mentors are accountants or trainers providing specific services rather than mentoring. Contrary to the description in the Guidelines, we do not believe that the mentor is necessarily someone "known" to the young entrepreneur.

The role of the delivery agency in the mentoring process needs clarification — does an agency's role include that of matchmaker, monitor or referee? In fact, some agencies are concerned about the legal implications arising from this role and in particular, the establishment of a mentoring relationship between a client and a mentor. Issues here focus on liability if the relationship fails, the possibility of present and/or future business competition between the client and mentor, the quality of advice and level of commitment required of both parties. Other concerns include the range of activities required, such as setting up and monitoring the relationship, and the level of support provided by the agency to both parties.

Delivery agencies report some practical difficulties with mentoring in rural areas — finding "appropriate" mentors that are appropriately distanced from the client in a business sense. The reliance on an informal relationship arises in part from the paucity of potential mentors in some locations as well as the need for definitional clarity.

Formal or more well-defined mentoring focuses on the development of an ongoing relationship between the young entrepreneur and his/her mentor. Critical success elements include an appropriate arms-length relationship, guidelines on issues such as competition and liability, defining the extent of time commitments and training requirements for both parties.

Some of the best examples of this type of formal mentoring approach occur through the linkage of Seed Capital clients with the CYBF in some urban areas. For example, the CEED in Halifax and the University of PEI in Charlottetown have strong ties with the CYBF in their areas. Seed Capital program clients are referred to CYBF not only for funding, but also in recognition of the strength of its mentorship program. This approach provides a partnership-based solution to mentoring.

The recently announced New Brunswick mentoring program should be an important asset in addressing mentoring in the province and could be a model for other parts of the region as well. The program in targeted to persons in the province starting their own business; there are no age limits for clients. The CBDCs and the Regional Economic Development Commissions (REDCs) deliver the program on behalf of ACOA.

The program includes a matching element as well as clear and structured guidelines for all participants. Program guidelines specify levels of experience for the mentors, time commitments of participation, level of remuneration for mentors — there is none — and cost for "mentee" entrepreneurs. The latter element is set at $200 and covers administration costs.

Client Perspectives

We asked clients three questions about mentoring. First of all, we defined a mentor for the client respondents as "experienced business persons who can provide free advice on running a business,

and who can help the young entrepreneurs with various aspects of their business". In response to the first question, 45 percent of those we surveyed indicated that they currently had a mentor.

The following table presents several different mentoring sources for Seed Capital program clients. As the table indicates, 55 percent of client respondents established a mentoring relationship through "personal arrangement". We suspect that the vast majority of these relationships would not fit the description of the success factors listed as part of a formal program.

Source of mentoring arrangement:	%
Seed Capital program mentor	37.5
CYBF mentor	5.0
Personal arrangement by client	55.0
Some other arrangement (please specify)	2.5

Finally, we asked clients to rate the help they are getting from their mentors. We used a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied". Clients rated the level of help at 2.8 on average, although the number of responses was too low to be more than illustrative of the level of support now being provided. It seems clear that support is not strong overall.

RESULTS RELATED TO THE DELIVERY MECHANISM

▪ The Approval Process: Participation of a Young Entrepreneur

The process to approve the Seed Capital program loan needs some more thought. In particular, we believe it is helpful and important for the approval process to actively involve a young entrepreneur. The purpose of this approach is to bring the perspective of a young entrepreneur to the approval deliberations.

In several agencies, the Board approving the Seed Capital program includes local young entrepreneurs. This is an excellent idea, since these entrepreneurs have the experience and possibly a better understanding of the needs of the program's clients than an approval board that is predominantly concerned with risk levels and the financial considerations of a loan.

The board that approves Seed Capital loans in several of the agencies we visited is very sympathetic to the aims and objectives of the Seed Capital program. In others, this appears not to be the case.

▪ Marketing the Program

Delivery agents across the Atlantic region noted the current level of marketing efforts as a major weakness in the program structure. They see low value in current efforts and materials.

Individual efforts by agencies to market the program have taken place. These include development of brochures and other marketing materials. The program's delivery agencies have worked to promote entrepreneurship and the Seed Capital program in their local educational systems.

However, the program does not adequately address the marketing needs of the delivery agencies. There is a need to go beyond success stories and generic information on entrepreneurship to market the Seed Capital program, its components and benefits to clients.

Work by ACOA Head Office, particularly the results of its Omnibus Surveys, indicate that the market potential for developing young entrepreneurs and supporting their businesses is considerable. A conservative indicator of the potential demand is in the area of 50,000 potential young entrepreneurs in Atlantic Canada. The Seed Capital program, with a lending volume of less than 1,000 loans in two years, has a significant untapped market to develop.

Marketing the program is an important element in increasing the demand for the program, once the recommendations provided in the following section are addressed.

- **Flexibility in Repayment**

The flexible repayment approach seems to be working well, particularly in cases where clients experience some unexpected difficulty or other problems. The program appears to accommodate these needs very well.

There is a great deal of variety in the scheduling of loan repayments. This variety includes the time before first payment, the composition of the first payment (principal, interest or some other combination) and the method of repayment — post-dated cheques or monthly payments.

Several delivery agencies, including the South West New Brunswick CBDC for example, require clients to start repayment within one month of their project start-up. This is a nominal amount of $50 that increases to $100 per month after three months. Regular repayments start in month six.

This approach is designed to teach clients that they are repaying a loan — not a grant — and to get clients used to repayment in a nominal amount that steps up to full repayment. We think this approach is a good example of ensuring that clients take the loan seriously without being onerous. The program is still flexible to client repayment needs if required; this has not been a problem to date.

4. IMPROVING THE SEED CAPITAL PROGRAM

CONCLUSIONS

The Seed Capital program is a successful program, meeting the needs of its clients throughout Atlantic Canada. It is actively supporting the creation of new businesses, creating both jobs and income at a cost of less than $10,000 per job. The program combines financial assistance with the important support mechanisms of training, counselling and mentoring.

Interviews with key informants and delivery agencies as well as a client telephone survey confirm that the program well targeted to the needs of its clients. Program funding levels on a per project basis for Seed Capital loans ($15,000), client training ($2,000) and administration costs ($1,500) are sufficient to meet the needs of clients and the agencies.

The program aspects of leverage, incrementality and complementarity are generally working as well. The program has a good mix of clients in urban and rural areas, by gender and by industry sector. Clients and delivery agencies are pleased with the program.

The Seed Capital program design does target the needs of young entrepreneurs, but there are several areas where the program can benefit from improvements in delivery. Some improvements will result from ensuring that current program mechanisms are understood and implemented by delivery agencies. Some are learning from ways that agencies in the region have implemented elements of the program to meet their own circumstances and those of their clients. And finally, a few adjustments are required in program approaches.

We identified several critical success factors in undertaking the review. These include:

- a commitment by the delivery agency to clients through the development of a learning plan, counselling and follow-up;
- an approval group — often a Board — that understands entrepreneurship and the needs of young entrepreneurs; and, where feasible and practical,
- the use of a young person as a Seed Capital counsellor.

RECOMMENDATIONS

The following recommendations concentrate on issues related to training, counselling and mentoring. While the recommendations are concerned with these topics, training is the most important area where improvements are required.

- **Recommendation 1: Communicate the Importance of Training to Delivery Agencies**

The delivery agencies generally recognize the importance of training, but have not all bought into the training and professional development process. The critical importance of the entire training process and its linkage to program and project success should be communicated to all the delivery agencies. Consideration should also be given to increasing the accountability of delivery agents for training. This accountability might be linked to performance by, for example, comparing the overall level of training activity for delivery agencies to their respective training budgets.

Delivery agencies should be more active in meeting the needs of clients by focusing on the development of training activities. The following recommendations support an improved training process.

- **Recommendation 2: Improve the Training Needs Assessment Process**

There is a need to develop a better assessment process to help clients identify real gaps in their skills and experience. Current assessment methods do not adequately link what skills clients need to be in business with their current skill sets. The Training Needs Assessment process should help clients identify what training they need and practical approaches for obtaining this training.

ACOA should re-examine the market for "business needs" assessment tools and work with entrepreneurship educational developers to provide a more useful assessment mechanism. The project now underway in Nova Scotia may prove useful in this regard.

- **Recommendation 3: Adopt a Phased-Learning Training Approach**

One time, up-front training for skills such as bookkeeping, business accounting and customer service may be appropriate for some clients. Overall, however, we believe a phased and flexible approach to training is the best way to meet the training needs of Seed Capital clients. This approach should be developed as part of the on-going monitoring process.

We recommend that clients be given the option of determining their training needs on an ongoing basis. We expect that most training should occur within six months of the project commencement. At the end of six months, a more detailed training needs assessment should be completed if a client's training funds are not committed. This assessment should revisit the results of the initial training assessment to determine if skills gaps critical to business success have not yet been addressed.

We also recommend that all training funded by the program be completed within two years of project start-up; funds not committed by the client at this time will lapse.

■ Recommendation 4: Improve Client Monitoring

Client monitoring should examine the results of training plans as well as financial performance. The latter is the most common monitoring method now in place and more attention should be paid to the former. Monitoring is sporadic and varies by delivery agent.

Those completing the monitoring should develop a simple form that tracks the results of the monitoring and identifies areas for follow-up. We recommend the use of a format similar to that in use in New Brunswick and Prince Edward Island, with improvements to capture the results of training. This process should be undertaken in consultation with delivery agents in order to determine which approach works best for clients and agents.

The monitoring process should receive high priority. It should include client visitation, the completion of the monitoring report described above and ongoing monitoring of the client's training plan.

■ Recommendation 5: Improve Client Mentoring

The delivery agencies and ACOA have made considerable efforts to introduce a mentoring element to the Seed Capital program. However, at this stage in the program's development, mentoring is not widely understood or adopted. The benefits of mentoring as well as the best approach for delivering mentoring are not entirely clear. The benefits of a formal mentoring process relative to informal networking, for example, should be clearer.

We recommend that efforts to improve the program's mentoring component be delayed until the training, counselling and monitoring issues have been addressed. Adoption of the New Brunswick model or possibly closer linkages with the CYBF should be investigated once the results of the New Brunswick pilot have been evaluated.

■ Recommendation 6: Develop an Entrepreneurship Focus in the Loan Approval Process

Boards and others approving Seed Capital loans should have a stronger understanding of and empathy for young entrepreneurs and their aspirations. This understanding should balance a risk-based approach with one that considers the opportunity for the young entrepreneur to establish a business. Achieving this can take different approaches, but one such approach would be to ensure that the decision-making process for approving Seed Capital loans includes the active participation of a young entrepreneur from the community. Ideally, the Board approving the loan would include a successful young entrepreneur.

It would be useful to include a component related to "lending for young entrepreneurs" as part of an orientation or training package for new Board members or others who approve Seed Capital loans. This would include topics such as character-based lending and an understanding of how young entrepreneurs approach financing, lending and the development of their business.

■ Recommendation 7: Improve the Marketing of the Program

The demand for the Seed Capital program is ongoing. ACOA research indicates a potential market size that would generate program demand of at least an order of magnitude larger than current program activity.

While delivery agencies are doing a good job promoting entrepreneurship in the education system, agencies consistently pointed out that there is need for a coherent marketing effort for the Seed Capital program across the region. Marketing needs and methods to meet these needs should be examined in more depth.

An improved marketing approach is linked to the overall development of the Seed Capital program. Within the context of available funds, we recommend that such a marketing approach be developed as part of the overall process of strengthening program delivery in the areas of training, counselling and monitoring. Marketing efforts at this time should focus on presenting consistent messages on the program and its benefits, and include uniform promotional tools for use by delivery agents. It should also be designed to increase the Agency's visibility.

Since it is still early in the program to determine longer-term failure rates, it may be appropriate to delay an aggressive, region-wide marketing campaign until more program results are available.

■ Recommendation 8: Communicate the Process to Delivery Agencies

All of the delivery agencies for the Seed Capital program are not fully aware of the goals and expectations of the program, and their role in ensuring that the program is a success. This situation is partly responsible for the insufficient level of attention paid by agencies to program elements like client training plans, follow-up and monitoring.

Recommendations to address this expectation or process gap are provided in recommendations 3 and 4 above. Improving the delivery process should include expectations concerning the training, counselling and client monitoring processes.

■ Recommendation 9: Expand the Seed Capital Program

The Seed Capital program is producing strong, positive results with minimal cost per job created. There is a significantly large potential market for the program. Tapping this market and helping young entrepreneurs develop their own business in Atlantic Canada is a long-term investment in the economy of the region. Developing young entrepreneurial talent will help create a pool of experienced businesspersons in the region in the ensuing years.

The review found that basic program eligibility criteria such as client age and industry sector are working well now. On a project basis, the program provides an appropriate level of program funds to ensure the success of each project, both directly through the loan amount and training budget, and indirectly for administrative costs.

Improving the delivery process — training, counselling and monitoring — should be undertaken as soon as possible, using the steps recommended here. Program results should be monitored for a further period of time to gain a better perspective of failure rates.

Once these steps are accomplished, ACOA should consider expanding the level of program resources to support more young entrepreneurs in Atlantic Canada. Some resources need to be allocated to the recommendations concerned with the delivery process and improved marketing of the program. Additional resources could then be committed to increasing the level of program activity — the number of program clients — throughout the Atlantic region using the current program design, within the context of competing budget priorities.

Appendix A: Review Terms of Reference

Review
Seed Capital ConneXion for Young Entrepreneurs
Terms of Reference

A. Economic Impact and Effectiveness

1. Analyse and develop findings concerning impact and achievement of targets in evaluation framework on important aspects of impact including:

   - loan cost per job created;
   - proportion of first-time entrepreneurs and new SME start-ups;
   - leverage on funds from private and other public sources with an analysis of these sources;
   - incrementality - (including an assessment of those program features important to incrementality);
   - survival rate;
   - sectorial breakdown;
   - relation if any between impacts and age/sex profile of business person;
   - incidence and impact in rural areas (i.e., where CBDC is delivery agent?) versus urban areas;
   - complementarity to other youth lending programs, especially CYBF and SEB.

2. Compare the above impacts and measures of effectiveness to the BDP program - support to new entrepreneurs and SME start-ups.

B. Training, Counselling and Mentoring Component

1. Assess whether and when training/counselling needs are clearly documented.

2. Determine the extent to which training is occurring as compared to program expectations. Determine client satisfaction with training and counselling and its importance to success of business.

3. Determine extent to which mentoring is taking place, any constraints to mentoring, the client satisfaction with mentoring and its importance to success of business.

Note: The Agency has recently conducted a review of the counselling/training/mentoring component and the findings and research instruments will be available to the consultant.

C. Assess Delivery Mechanism per indicators and targets in evaluation framework.

D. Make recommendations on continuation of program and propose any alternatives which might improve program effectiveness and its complementarity to other youth lending programs. Special attention should be given to the value of the counselling/training/ mentoring component with consideration to whether this and possibly other ACOA programs could benefit from making these elements compulsory.

Appendix B: Results of the Client Survey

ACOA Seed Capital Program Evaluation

Survey of Clients

All results are in percentages, unless otherwise indicated. Results for open-ended questions are grouped at the end of the questionnaire.

Province	
NF:	25.0%
PEI:	12.0%
NS:	36.0%
NB:	27.0%
Gender	
M: 54.5%	F: 45.5%

INTRODUCTION

Hello, my name is Marg Cartwright and I work for Collins Management Consulting Ltd. We have been hired by ACOA to examine the way ACOA's Seed Capital Program is working to meet the needs of young entrepreneurs in Atlantic Canada. We are telephoning you as part of a randomly selected group of young business persons who have received a loan from [DELIVERY AGENCY NAME] to ask them about their experiences with the Seed Capital lending program and the [DELIVERY AGENCY NAME].

Your participation is voluntary. Please be assured your comments will be kept confidential and will not be attributed to you. We would also like to stress that the information you provide us will not be passed on in any way to your loans officer or the delivery agency that provided your loan, so please be as frank as you can in your responses. This interview will take about 15 minutes of your time.

AWARENESS & INITIAL EXPERIENCES

1. First of all, I'd like to know how you first found out about the Seed Capital program for young entrepreneurs? (DO NOT READ LIST; CHECK ONE RESPONSE ONLY)

Referred by bank/lender	—
Referred by CYBF officer	—
Referred by Business Development Bank of Canada (BDC or FBDB) officer	2.1
Saw advertisement/brochure	13.5
Attended information session	2.1
Visited CBDC/delivery agency	53.1
Word of mouth	11.5

Other (please specify) Includes ACOA, ECBC, GFEDC, Acadia University ACSBE, Y Enterprise Program, newspaper article, Yarmouth RDA	14.6

2. Did you try to obtain funds from other sources besides the Seed Capital program, such as the bank, your family and friends, or government programs?

Approached others? (circle response)	Yes: 60.7%	No: 39.3%

3. What other sources did you approach for a loan or other funds? (DO NOT READ LIST; CHECK ALL THAT APPLY) For each source used, ask: how much money were you able to obtain?

	Asked (% Yes)	How much (Median $)
Family and friends	18.5%	$5,000
Business Development Bank (or FBDB)	11.1	14,000
HRDC SEB program	1.8	0
Canada Youth Business Foundation	3.7	7,500
Banks or other financial institutions	75.9	17,150
Other government programs (includes ACOA, HRDC, ECBC, NRC)	11.1	10,000
Other	11.1	9,750

4. ASK FOR ANY CONTRIBUTIONS IN QUESTION 3: Do you think the fact that you obtained a loan from the Seed Capital program made it any easier to get money from other sources? Would you say…? (READ LIST AND CHECK ONE ONLY)

The Seed Capital program funds made no difference in my being able to obtain money from other sources.	21 %
The Seed Capital program funds made some positive difference in my being able to obtain money from other sources.	45%
The Seed Capital program funds was an important positive factor in my being able to obtain money from other sources.	34%

5. Why did the Seed Capital program funds make no difference?

	Responses
Gave partners confidence	1
Got $$ before Seed.	1

Got CYFB last	1
Had loan before — bought truck first. Used Seed only for equipment	1
It wasn't enough money	1
Needed money from the bank before I could qualify for Seed — got run around	1
Operating line with bank. Did not want hassle of bank	1
Seed last	1
Timing went to banks first	1
Timing- went to bank before Seed	1

6. Banks and other lenders provide advice as well as loans. I'm going to read a list of different kinds of advice. Please tell me if you got this assistance, and how satisfied you were with the assistance, on a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied".

	Received (% Yes)	Rating Scale
General advice and information on starting my business	57.4	2.6
Advice on how to prepare a business plan and other requirements for funding	5.6	2.4
Names of other organizations that might be able to help me get started.	1.9	1.8
Training on how to start and operate my business	5.6	2.0
A loan for my business	14.8	3.6
Identified other sources of funds	5.6	2.2
Other (please specify)	5.6	1.2

SKIP TO QUESTION 8

7. Why didn't you approach other sources for funding? (DO NOT READ LIST; CHECK ALL THAT APPLY)

Not needed; I obtained all the money I needed from the Seed Capital program	97.1%
I didn't have any equity in my business. (ownership interest net of debt: cash, common or preferred shares)	0.0
I didn't have any security for a loan for my business.	0.0
I believed other lenders would not lend me money for my business.	0.0
Some other reason. (Write in)	0.0

8. How much of your own money were you able to contribute to your business?

Money contributed by client	Average $9,938 (n=51; others refused)

THE LOAN APPROVAL PROCESS

Now, I'd like to ask you some questions about the process to get your Seed Capital loan.

9. Who was the person at the [DELIVERY AGENCY NAME] that worked with you to get your loan?

Name	

10. I'd like to know about the development of your business plan. Which of the following statements best describes how active a role you played in completing your business plan? (READ LIST; CHECK ONE ONLY)

I took a hands-off approach and let others complete the plan for me.	0.0
I was somewhat active in developing my plan, but others did most of the work.	5.3
I was very active in developing my plan, but I needed the help of other advisors at different stages of the process.	47.4
I did all of the work on my business plan myself.	47.4

11. Did you take any course or formal training to help you prepare your business plan?

Formal training	Yes: 64.9%	No: 35.1%

12. About how many weeks did it take from the time you first met with staff of the Seed Capital program until your application was complete and submitted for approval?

Time to complete application	5.3 weeks on average

13. How satisfied were you with this length of time, on a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied"? (CIRCLE ONE ONLY)

	Not satisfied	Satisfied	Very satisfied	Don't know/ not sure
(Circle one response)	Average score = 3.9			

14. About how many weeks did it take from when your Seed Capital loan application was submitted for approval until it was approved?

Time to approve application	3.2 weeks on average

15. How satisfied were you with this length of time on a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied"? (CIRCLE ONE ONLY)

	Not satisfied	Satisfied	Very satisfied	Don't know/ not sure
(Circle one response)	Average score=4.9			

Impacts of the Seed Capital Program

16. I'd like to know which of the following statements I'm going to read best describe the impact of the Seed Capital program on your business. (READ LIST AND CHECK ONE ONLY)

My business has met its objectives, due in large part to the Seed Capital program	66.3%
My business has met its objectives, but only a small part of the success is due to the Seed Capital program	23.3
My business may not have met its objectives, but the Seed Capital program has ensured our survival.	8.1
The Seed Capital program has had no impact whatsoever on my business.	2.3

17. Now I'm going to read a list of services that the Program provides. I'd like to know if you felt you needed the service and how satisfied you were with the service you received, on a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied"? (Code "0" if service not received)

	Needed (% of Yes)	Result (1-6 scale)
General advice and information on starting my business	84.2%	4.2
Advice on preparing a business plan and other funding requirements.	74.2	3.7
Names of other organizations that might help me get started.	51.7	2.6
Training on how to start and operate my business	58.7	2.9

A loan for my business	96.8	5.3
Follow-up counselling and advice after the Seed Capital loan	81.3	4.4
Referral to some other sources of funds	4.8	0.3
Other (please specify)	0.0	0.0

18. How likely is it that you would have gone ahead with your plans without assistance from the Seed Capital program? Would your project have been: (READ LIST AND CHECK ONE ONLY)

Cancelled	24.2%
Postponed	12.1
Completed as planned	14.3
Completed, but changed in size, scope, location or completion time	49.5
Don't know	0.0

19. I'd like to know how many new full-time and part-time jobs were created by your project over each of the following time periods? A full-time job is a job that has at least 40 weeks or 1,600 hours of employment per year. Part-time and seasonal jobs have less than 40 weeks or 1,600 hours of employment per year. This includes seasonal work. (READ ACROSS ROWS)

How many...	Full time jobs in total	Total hours/weeks of Part time jobs (specify hours/weeks)
When the project began?	Average: 1.8	
Now?	Average: 2.7	

20. I'd like to know about the loan repayment requirements. How many months after your Seed Capital loan was provided do/did you have to start repaying the loan? How many months from your loan approval until you have/had to make blended or regular monthly payments?

Initial payment: how many months?	Average: 7.3 Months
Regular [full] monthly payment: how many months?	Average: 8.0 Months

21. Was this first repayment amount for principal only, some special amount such as a flat rate, or for the regular monthly amount? (READ LIST; CHECK ONE ONLY)

Principal only	0.0%
Special amount (e.g. $50/month for 3 months, then full payment)	17.2
Blended, full payments	82.8

22. Have you been able to make your payments on time (READ CATEGORIES; CHECK ONE ONLY)? For the agreed amount? (READ CATEGORIES; CHECK ONE ONLY)

	Making payments	For agreed $
All of the time	77.5%	88.3%
Most of the time	11.2	11.7
Haven't been making payment yet	11.2	—

23. Which of the following best describes your company's operations at the present time? (READ LIST AND CHECK ONE ONLY)

Not fully operational, still in start-up phase	2.1%
Fully operational with the original owner funded by the Seed Capital program as the controlling owner	76.0
Fully operational but with original owner funded by the Seed Capital program no longer the controlling owner	3.1
Seasonal operation	8.3
Not meeting operational targets & in financial difficulty	2.1
No longer operational, but still making loan payments	7.3
No longer operational, and not making loan payments	1.0
No longer operational and loan paid in full	0.0

24. About how much of your company's sales over the past 12 months were in : (READ LIST)

Your Local community	52.8%
Your province	27.8
Elsewhere in Atlantic Canada	9.1
Elsewhere in Canada	5.0
United States	5.4
Other	0.3

Counselling/Training and Mentoring

Now, I'd like to talk to you about the training aspects of the Seed Capital program.

25. Are you aware of the Training available as part of the Seed Capital program?

Aware of training	Yes: 95.7%	No: 4.2%

26. Part of the Seed Capital program includes the preparation of a training or learning plan. Did you prepare a learning plan — when? (READ LIST; CHECK ONE ONLY)

No Plan	23.1%
As part of the development of my business plan, before submitting my loan application	58.2
Within six months of my loan being approved	12.1
Have not yet finalized the plan	0.0
Have not started plan yet	6.6

27. Which of the following best describes how you determined your training and learning needs?

Training recommended by the Seed Capital loans officer	66.3%
Based on my own determination of my needs	32.6
Based on the results of a "training needs" self-assessment test I completed at the request of the loans officer.	1.2

28. Based on your experience with your business now, how helpful was your training plan in identifying your learning needs on a scale of 1-6, where a "1" is "Not helpful" and a "6" is "very helpful"? (CIRCLE ONE ONLY)

	Not helpful	Helpful	Very helpful	Don't know/ not sure
(Circle one response)	Average score: 4.7			23.2%

29. How helpful was your Seed Capital loans officer in helping you with training overall, on a scale of 1-6, where a "1" is "Not helpful" and a "6" is "very helpful"? (CIRCLE ONE ONLY)

	Not helpful	Helpful	Very helpful	Don't know/ not sure
(Circle one response)	Average score: 3.9			0.0%

30. Was it mainly your responsibility or was it that of your Seed Capital loans officer to arrange for you to take the training you wanted?

My responsibility	18.6%
Loans officer responsibility	74.4
Not sure	7.0

31. How much of your training have you completed? Would it be …(READ LIST; CHECK ONE ONLY)

All of it	GO TO QUESTION 33	29.9%
Most of it	GO TO QUESTION 33	14.9
Some of it:	ASK QUESTION 32	16.1
None of it	ASK QUESTION 32	39.1

32. Why haven't you been able to complete your training? (DO NOT READ LIST; CHECK ALL THAT APPLY)

Too busy	33.3%
Training plan didn't identify appropriate training	20.8
Too soon to complete training; waiting until needs better defined	47.9
Didn't need any training	31.2
No courses/appropriate training opportunities available	18.8

33. What kind of training needs have you identified in your learning plan: (DO NOT READ; CHECK ALL THAT APPLY).

ASK ONLY THOSE THAT HAVE COMPLETED SOME PART OF THEIR TRAINING: When did you take your training? (USE CODE) About how many hours training did you receive for each topic? How useful was the training on a scale of 1-6, where a "1" is "Not helpful" and a "6" is "very helpful"?

		When				
	Need (% Yes)	Before (%)	0-6 mos. (%)	7-12 mos. (%)	# Training Hours	Useful (1-6 scale)
Bookkeeping & accounting (n=31)	96.8	6.5	80.6	12.9	3.7	4.9
Marketing (n=27)	96.3	11.1	74.1	14.8	5.2	4.7

		When				
	Need (% Yes)	Before (%)	0-6 mos. (%)	7-12 mos. (%)	# Training Hours	Useful (1-6 scale)
Computer applic's (n=12)	75.0	12.5	75.0	12.5	7.4	5.3
Preparing a business plan (n=14)	78.6	36.4	54.5	9.1	5.0	4.9
Customer service (n=11)	72.7	—	66.7	33.3	3.4	5.0
Technical or specialized training (n=20)	95.0	25.0	50.0	25.0	5.3	4.8

The Seed Capital program can link young entrepreneurs with mentors — experienced business persons who can provide free advice on running a business, and who can help the young entrepreneurs with various aspects of their business. (Some other programs provide a mentoring service as well.)

34. Do you have a mentor now?

Mentor	Yes: 45.2%	No: 54.8%	DK/Not sure: 0.0%

35. Was your mentor provided through the Seed Capital program or some other arrangement?

Seed Capital program mentor	37.5%
CYBF mentor	5.0
Personal arrangement by client	55.0
Some other arrangement (please specify)	2.5

36. How satisfied are you with the help you are getting from your mentor, on a scale of 1-6, where a "1" is "Not satisfied" and a "6" is "very satisfied"? (CIRCLE ONE ONLY)

	Not satisfied	Satisfied	Very satisfied	Don't know/ not sure
(Circle one response)	Average score: 2.8			0.0%

37. What is the best thing about the Seed Capital program?

	Responses
I would not be in business without it	1
A good break to get you on your feet.	1
A good opportunity for young people.	1
Advice, support very useful	1
All good	1
Answered my questions	1
Approachable, courses there for those who need them	1
Appreciate support	1
Approachable and helpful, they check up on me	1
Availability of dollars. Banks not interested.	1
Beginning very difficult but once we started getting loan good	1
Better tailored to young people — lower equity/ turn around	1
Cathy so helpful	1
Courses great, helpful staff	1
Each month called on me to check	1
Easy to deal with, comfort level high	1
Excellent follow- up	1
Excellent, very timely in payments "vital"	1
First year lots of check ups	1
Flexible, supportive, faith in me	1
Flexible- open to suggestions at start- up	1
Follow- up with me	1
Follow- up, good book-keeping advece	1
Getting the dollars is too easy	1
Good advice	1
Good check up	1

Good for person with an idea and no thought of where to begin.	1
Good for start- up	1
Good one-on-one support, loan officer young	1
Good source of dollars. Supported the meatcutting course.	1
Got some money but decreasing	1
Got sounding board help, easy to talk to, "Banks would not look at you."	1
Got the Money I needed	1
Got the Money I needed, but couldn't get the clients	1
Great for me starting out	2
Great free advice	1
Great once we got it	1
Great to start up, have faith in youth	1
Guidance, support, answer questions	1
Had to put my own collateral — a good thing	1
Help to young entrepreneurs.	1
Honest appraisal, hard- nosed business advice	1
Honest, up-front, helpful, approachable.	1
I could not have started without it, they are conscientious	1
I got my dollars.	1
I got the financial help I needed.	1
I got the money	1
It's been great	1
Keep in touch, "never alone"	1
Like the idea of course "if I ever get time to take them"	1
Need more than a business plan to run a business, need more research.	1
Network session and then entrepreneurs	1
New counsellor helpful, re: check up etc.	1
No interest, easy to get	1
One year no interest, no payments really helped	1

Payment terms amount good, great for youth	1
Pleased — flexible program	1
Pulled in together for me, clear they 'see us first"	1
Quarterly reports keep us in tune.	1
Quick and efficient	1
Quick approval, "trusted me- a young person. The banks don't"	1
Six months free money	1
So young — banks "laugh at you"	1
Support	1
Support counselling	1
Support great once there; "it is a model"	1
Supportive to artist, flexible re: line of credit, "didn't have to lie re: my status"	1
Supportive, good attitude	1
Terrific— "it opened a lot of doors for us"	1
The $2000 training— a lot of support.	1
They challenged me on my plan.	1
They were so helpful with everything, very responsive	1
Training excellent, people supportive, great	1
Training sessions all along the way	1
Training, cheque back every month	1
Very easy to talk to	1
Very fast	1
Very helpful	1
Very helpful, personal service	1
Very helpful, terrific.	1
Very helpful. One year interest fee period	1
Very honest and accessible, good advice	1
Very pro-active	1
Very resourceful, lots of guidance.	1

Very supportive	1
Very supportive	1
Very supportive; Shelley is super	1
We were early on and quite ready to go. Had some problems re: approval but worked out. "Bugs worked out" good now	1
Willing to take risk with youth start- up	1
Youthful loan officer, use not loo specific- could use for last working capital	1
Total	91

38. What is the worst thing about the Seed Capital program?

	Responses
All excellent especially for small communities	1
Approval time delay	3
Approval time re: committee approval process. Switched counsellors to Jennifer Carol who was excellent.	1
As we went along they tried to change my business decisions eg. Purchase computers rather than lease— had considerable cash flow complications in my business, not really happy re: this. Thinks he was right re leasing.	1
Ask for so much paperwork "keep it simple", too much projections for future	1
Cut off age— raise to 35	1
Gave me some trouble re: getting application completed. It was difficult convincing them re: my business idea. Hard to find out about it	1
Long approval process, training during days, need night courses other than Thursday	1
Longer before re-pay	1
More flexible repayment	1
Need more follow- up help for owner, on going	1
Need more help re: practical vs. business plan.	1
Need more youth training	1
No competitive analysis	1
No meetings of board in summer	1
Not enough time to repay the loan.	1

Nothing; no real problems	60
Only up to $15,000 — needed more, ie operating loan from bank	1
Paperwork	1
Poor communication. Re: status of loan- applied for second loan to open a garage	1
Process rather long	1
Schedule re: training intensive; hard to do it —it takes time	1
Seminars "hit or miss"	1
Too much emphasis on large business, interest rates high (client confused)	1
Too restrictive, inspections etc. I changed locations so i had trouble.	1
Took a long time re: approval.	2
Total	88

39. Do you have any other comments about the program?

	Responses
He feels the turn down of garage loan was turning point toward failure- he needs garage to "make a go of it".	1
More flexibility	1
Need follow- up help	1
Need more marketing of the program	1
Need time to repay.	1
Need to advertise more	1
No	35
Start-up issue— had to turn clients away pre- approval	1
Should have progress support to bursaries over multi-years	1
Thanks	1
Total	44

Thank you for taking the time to complete this questionnaire.